

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF OF KENTUCKY UTILITIES COMPANY)	CASE NO.
TO IMPLEMENT A FRANCHISE FEE RIDER)	2003-00265

O R D E R

On July 3, 2003, Kentucky Utilities Company (KU) filed an application for authority to implement a Franchise Fee Rider. As part of its application, KU filed revised tariff sheets, which include its proposed Franchise Fee Rider. On July 21, 2003, KU filed corrected revised tariff sheets because the originally filed revised sheets inadvertently omitted the current version of its rules for discontinuance of service as approved by the Commission's January 30, 2002 Order in Case No. 2001-00248.¹ There were no intervenors in this proceeding.

In its application, KU states that the proposed tariff clarifies that KU may recover from customers within the local government franchising authority's boundaries all costs incurred under the Company's franchise agreement with such authority or otherwise imposed by governmental ordinance or directive. These costs include any licensing, permitting or other fees in addition to the 'franchise fee' imposed on the Company, as well as any incremental expenses incurred to comply with specific governmental directives.² KU states that since the fees and incremental expenses are incurred by KU

¹ Case No. 2001-00248, Louisville Gas and Electric Company and Kentucky Utilities Company Tariff Filings Authorizing Certain Transfers of Unpaid Balances of Final Bills.

² Direct Testimony of F. Howard Bush, Jr., dated July 3, 2003, at 2.

at the local government's direction, for the benefit of customers within the jurisdiction of that local government,³ the costs should be included in the Franchise Fee Rider.

Based on the application and being otherwise sufficiently advised, the Commission finds that the fees and expenses incurred by KU to comply with specific governmental directives should be recoverable by KU from those customers within the local government franchising authority's boundaries.

The Franchise Fee Rider, as proposed by KU in its corrected tariff filed July 21, 2003, provides for the proper recovery of said fees and expenses, is reasonable, and should be approved. However, since the type and amount of such fees that are not based on a fixed percentage of revenue are currently unknown, KU should file with the Commission sufficient information to justify such fees whenever they are imposed and annually thereafter.

IT IS THEREFORE ORDERED that:

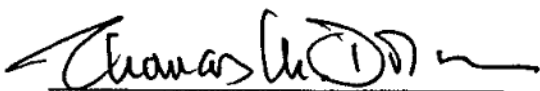
1. KU's Franchise Fee Rider as included in its corrected tariff filed July 21, 2003, is approved as of the date of this Order.
2. KU shall file sufficient information to justify the amount and type of any franchise fee imposed other than a fixed percentage of revenue. The filing shall be due whenever such fee is imposed and annually.
3. KU shall file, within 20 days of the date of this Order, its revised tariff sheets setting out the charges approved herein showing their date of issue and that they were issued by authority of this Order.

³ Id.

Done at Frankfort, Kentucky, this 16th day of October, 2003.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas M. Dixon", written over a horizontal line.

Executive Director